

Fiscal Services Division

Legislative Services Agency

Fiscal Note

HF 2610 – Identity Theft, Employers (LSB 6463 HV)

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Fiscal Note Version – New

Description

House File 2610 requires the Administrator of the Investigations Division of the Department of Inspections and Appeals (DIA) to establish rules for investigations into identity theft for the purpose of employment. The Administrator is granted jurisdiction for investigation and enforcement. This Bill establishes the crime of identity theft for the benefit of gaining employment as a Class D felony and requires employers to verify the identity of each new employee by examining specified identification for facial validity within 10 days after hiring. The crime of identity theft is amended to include the elements of attempting to fraudulently use the identification information of a fictitious person to contract for various benefits, including obtain employment.

The Bill creates Chapter 91G, Code of Iowa, and relates to the classification of individuals as employees or independent contractors. The Labor Commissioner of the Iowa Department of Workforce Development (IWD) is required to investigate alleged violations, enforce the provision of the new Chapter, and requires the Department to file an annual report pertaining to administration. The Bill establishes civil penalties and specifies actions that are to be considered either simple misdemeanors or aggravated misdemeanors.

The Bill takes effect January 1, 2009.

Assumptions

- The average State cost for one Class D felony conviction ranges from \$5,100 (court costs, indigent defense, and probation) to \$11,400 (court costs with a jury, indigent defense, prison, and parole). Costs will be incurred across multiple fiscal years while the offender is supervised in the correctional system, either in prison or the community.
- The average State cost for one aggravated misdemeanor ranges from \$2,200 (court costs and probation) to \$6,800 (court costs with a jury, prison, parole, and indigent defense). Costs will be incurred across multiple fiscal years while the offender is supervised in the correctional system, either in prison or the community.
- The average State cost for one simple misdemeanor conviction ranges from \$20 (court costs) to \$320 (court costs and indigent defense).
- Each DIA investigator will be involved in 20 cases per month.
- Tax and benefit rates will be similar to established construction firms.
- There will be 10,000 additional construction workers covered under unemployment insurance.

Correctional Impact

House File 2610 creates a new Class D felony for falsifying employment identity verification documentation and adds use of a false, or fictitious, identity for employment purposes to identity theft definitions. Identity theft penalties range from an aggravated misdemeanor to a Class D felony based on the value assigned to the stolen items. The Bill also specifies actions that are to be considered either simple misdemeanors or aggravated misdemeanors. Since the changes are not closely related to existing offenses, the correctional impact of this new offense can not be determined.

Fiscal Impact

Sufficient data is not available to provide an estimate on any changes in the payment of withholding taxes, or the payment of penalties, that would be brought about by SF 2610.

The DIA expenses for administering the rules pertaining to identity theft for the purpose of employment will increase by an estimated \$411,000 and 3.0 FTE positions for FY 2009 and \$480,000 annually for FY 2010 and subsequent years.

The IWD expenses for administering the rules pertaining to an individual's employment status will increase by an estimated \$715,000 and 7.0 FTE positions for FY 2009 and \$640,000 and 7.0 FTE positions annually for FY 2010 and subsequent years.

The addition of an estimated 10,000 workers to the unemployment insurance system will decrease the Unemployment Insurance Trust Fund balance by an estimated \$200,000 for FY 2009 and \$400,000 for FY 2010 and subsequent years for the increase in Trust Fund revenue and the increase in the payment of benefits. The additional expenses for the IWD for the increased unemployment insurance workload will be an estimated \$281,000 and 4.0 FTE positions for FY 2009 and \$266,000 and 4.0 FTE positions annually for FY 2010 and subsequent years.

Sources

Department of Human Rights, Criminal and Juvenile Justice Planning Division (CJJP)
Department of Inspections and Appeals
Iowa Department of Workforce Development
Iowa Department of Transportation
Department of Revenue

March 19, 2008

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
